



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 8
999 18TH STREET - SUITE 300
DENVER, CO 80202-2466
<http://www.epa.gov/region08>

Ref: ENF-L

May 3, 2001

Erik B. Thueson, Esq.
Thueson & Lamb
213 Fifth Avenue
P.O. Box 280
Helena, MT 59624-0280

Dear Mr. Thueson:

I am writing to summarize the conversation we had on May 1, 2001 between you, myself and Paul Peronard, the On-Scene Coordinator for the Libby Asbestos Site. The conversation took place in response to your letter of April 23, 2001, in which you indicate that the cleanup of the Screening Plant has left the Parkers with losses of \$1,202,000 above and beyond the \$546,420.91 that the United States has already provided in compensation. Your letter than indicates that the Parkers would be willing to accept \$1,050,000 in satisfaction of that claim.

As I indicated during our telephone conversation, EPA is not free to offer compensation absent a justifiable rationale for the amount of compensation based in law and policy. EPA not only must follow appropriate regulatory requirements and guidance in determining appropriate compensation, but must also be ready to provide expert opinion on the basis for the amount in support of cost recovery litigation against responsible parties. In an effort to do this for the buildings and infrastructure in question, EPA requested that the Parkers retain an independent professional to appraise the value of the property. The Parkers hired Mr. Barrie, who after performing his appraisal, provided a list of replacement values and market values for each component of the property. That appraisal was then verified and approved by an independent appraiser retained by EPA, to ensure the validity of the market values. The list of values is as follows:

<u>Property</u>	<u>\$ Replacement Value</u>	<u>\$ Market Value</u>
Office/Dwelling	122,086	99,889
Covered Concrete/Lattice	3,686	3,225
Solarium/Deck	6,946	6,772
North Greenhouses	65,428	47,142
North Greenhouses(Nexus)	38,700	27,772
South Greenhouse	15,725	11,814



Shade-House	3,415	2,960
Fruit Stand	1,240	992
Long Shed/Roof Extension	651,000	52,500
West Shed	30,375	6,075
Extraction Room/Lab	7,700	6,600
Break Room	3,366	561
Tunnels	46,000	15,334
Manufactured Home/Office	12,878	2,576
Fuel Storage Tank/Shed	7,600	3,257
Water Storage Tank	6,400	3,657
Asphalt Paving	126,000	50,400*
Concrete Paving	11,090	19,017*
Fencing	10,125	8,100*
Landscaping	43,150	36,246
Misc. Site Improvements/ Infrastructure (Well, Septic, Irrigation)	13,500	6,750*

** Those components of the property which are being physically replaced by EPA and for which no other compensation is being provided.*

Based on the Barrie report, EPA would be providing the Parkers with \$274,872 in compensation, and would be physically replacing property worth \$84,267, for a total of \$359,139. However, when EPA reviewed the Barrie numbers, the \$598,500 depreciation attributed to the Long Shed/Roof Extension appeared surprisingly large. EPA believes it would be appropriate to re-evaluate the market value of the Long Shed/Roof Extension, but must determine a valuation method which is generally accepted in the real estate practice. While EPA will attempt to identify other such methodologies, I urge you to participate with us in this process.

During our conversation, you indicated that the Parkers may be considering purchasing another property and asking EPA to replace the buildings at that location. As you are probably aware, the Parkers indicated to EPA a very long time ago their decision to not rebuild any of the buildings other than their home. On this premise, EPA has been paying temporary relocation for the Parkers until the cleanup on their property can be completed. If EPA had known that the buildings were to be replaced at another location, it may have significantly changed the allocation of costs. At this point, there will have to be further discussion here before I can tell you whether EPA will be able to change course and what that might mean in terms of reimbursement.

Please let me know if you and the Parkers are available during the week of May 7th to further discuss these issues with me and Paul. I can be reached at (303) 312-6853.

Sincerely,



Matthew Cohn
Legal Enforcement Program

cc: Paul Peronard

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